

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6649**

**BILL NUMBER:** HB 1101

**NOTE PREPARED:** Dec 17, 2002

**BILL AMENDED:**

**SUBJECT:** Payments in Lieu of Taxes.

**FIRST AUTHOR:** Rep. Koch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Department of Natural Resources to make a semiannual payment in lieu of property taxes (PILOT) for land owned or leased by the Department in Brown County. The bill provides for the purposes of calculating a PILOT, the land is considered to have an assessed value of \$1,050 per acre. The bill also makes an annual and continuing appropriation for a PILOT from the state General Fund.

**Effective Date:** March 1, 2003 (retroactive); July 1, 2003.

**Explanation of State Expenditures:** The Department of Natural Resources (DNR) owns 40,662 acres of land in Brown County. The base value for agricultural real property will be \$1,050 beginning with property taxes paid in CY 2003. Applying the proposed \$1,050 value per agricultural acre to the eligible 40,662 acres would result in a total assessed value (AV) of \$42,695,100.

The PILOT would first be due on May 1, 2004. The estimated CY 2004 average Brown County net property tax rate is \$0.98 per \$100 AV. Using the average tax rate, the state's liability is estimated at \$418,412 (\$42.69 M AV divided by \$100 and multiplied by \$0.98). **State fiscal year impacts are estimated at \$209,206 in FY 2004 (or ½ of the first calendar year) and \$418,412 for FY 2005.** The actual state expenditure will depend on the actual tax rates in the taxing districts within Brown County where the DNR land is located.

State expenditures for property tax replacement (PTRC) would be reduced because the state would no longer be paying property tax replacement on the current levy attributable to the state property. The impact, however, is not expected to be significant.

The Department of Local Government Finance and the Auditor of State will experience additional administrative expenses. The Department of Local Government Finance is required to prescribe forms on which the Auditor of State will convey information regarding the state-owned land to township assessors. Expenses of administering the account are to be paid from money in the PILOT Transfer Account, which is established in this bill.

The bill establishes the PILOT Transfer Fund. An annual transfer from the state General Fund to the PILOT Transfer Fund would be made in the amount necessary to fund the PILOT. The bill also makes an appropriation from the PILOT Transfer Fund for the PILOT distribution. Expenses for administering the fund are to be paid from money in the fund. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The tax liabilities of local taxpayers could decrease if the PILOTs are used to reduce property taxes.

**Explanation of Local Revenues:** Beginning in CY 2004, local governmental units and school corporations in counties that contain certain land owned or leased by the DNR would receive payments in lieu of taxes from the state under this proposal. **Local units would receive an estimated \$418,412 in CY 2004 and CY 2005.** This money is in addition to all other revenues received and would have no effect on local property tax rates or collections unless a unit elects to use the revenue to reduce its property tax levy.

**State Agencies Affected:** Department of Natural Resources, Auditor of State, and the Department of Local Government Finance.

**Local Agencies Affected:** Townships and conservancy districts that contain certain land owned or leased by the DNR in Brown County.

**Information Sources:** Dan Mathis, Legislative Liaison, Department of Natural Resources, (317) 233-6904; Local Government Database.

**Fiscal Analyst:** Valerie Ruda, 317-232-9867